

Message Text

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ACTION MMO-01

INFO OCT-01 EUR-12 ISO-00 EB-08 AID-05 CIAE-00 COME-00
FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04
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FM AMEMBASSY COPENHAGEN
TO SECSTATE WASHDC 6654

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E.O.: 11652: N/A
TAGS: ECRD, EFIN, DA
SUBJ: CERP 0206 - EXPORT FINANCING

REFS: (A) STATE A-3658 (1977); (B) COPENHAGEN A-85 (1977)

SINCE THE EMBASSY'S LATEST SURVEY IN OCTOBER 1977, THE
FOLLOWING CHANGES TO THE DANISH EXPORT FINANCING AND GUAR-
ANTEE SCHEME HAVE BECOME EFFECTIVE:

1. DENMARK HAS REINTRODUCED A GUARANTEE SCHEME FOR MIXED
CREDITS WITH A GRANT ELEMENT OF AT LEAST 25 PERCENT (THUS
QUALIFYING AS GENUINE AID). DANISH GOVERNMENT LOANS TO
DEVELOPING COUNTRIES MAY BE USED FOR CASH PAYMENTS, WHILE
THE CREDIT PERIOD IS GUARANTEED BY THE EXPORT CREDIT COUN-
CIL OR BY THE MINISTRY OF COMMERCE ACCORDING TO SECTION 7
OF THE INTERNATIONAL DEVELOPMENT CO-OPERATION ACT (REF B,
ATTACHMENT 3, PAGE 19).

2. THE MINIMUM CONTRACT VALUE, WHICH MAY BE GUARANTEED AC-
CORDING TO SECTION 7 OF THE INTERNATIONAL DEVELOPMENT CO-
OPERATION ACT, HAS BEEN REDUCED FROM DKR 30 MILLION TO SDR
3 MILLION (EQUIVALENT TO AROUND DKR 20 MILLION) (REF B,
ATTACHMENT 3, PAGE 19).

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3. PREMIUMS ARE NOW CHARGED ON GUARANTEES (WITH OR WITHOUT
RECOURSE) GRANTED ACCORDING TO SECTION 7 OF THE INTERNATIONAL
DEVELOPMENT CO-OPERATION ACT. PREMIUMS ARE CHARGED AT THE
RATES RELATING TO NORMAL EXPORTS (REF B, ATTACHMENTS 1
THROUGH 3).

4. THE DANISH EXPORT FINANCE CORPORATION (DEFC) HAS AD-

JUSTED THE INTEREST RATE ON EXPORT FINANCING (PREVIOUSLY FIXED AT 8 PERCENT) TO REFLECT THE MINIMUM INTEREST RATES AGREED TO IN THE OECD CONSENSUS SUPERSEDED BY THE NEW INTERNATIONAL ARRANGEMENT ON OFFICIALLY SUPPORTED EXPORT CREDITS. INTEREST RATES NOW RANGE FROM 7.25 PERCENT TO 8.00 PERCENT DEPENDING ON REPAYMENT TERMS AND CLASSIFICATION OF COUNTRY. (REF B, ATTACHMENTS 4 THROUGH 6).

5. A RESOLUTION ADOPTED BY THE FOLKETING (PARLIAMENT) ON MAY 26, 1978, REQUEST THE DANISH GOVERNMENT NOT TO GRANT EXPORT CREDIT GUARANTEES ON EXPORTS TO SOUTH AFRICA. THIS WILL AUTOMATICALLY AFFECT EXPORT FINANCING AS WELL, AS DEFC REQUIRES EXPORT CREDIT GUARANTEES ON EXPORT FINANCING.

6. REF A, QUESTIONNAIRE POINT 13. SCHEDULE OF EXPORT CREDIT AGENCY RATING CREDITWORTHINESS OF EXPORT MARKETS IS NOT OBTAINABLE.
DEAN

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